

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MANAMA

INFO AMEMBASSY ABU DHABI

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E.O. 11652: N/A

TAGS: ETRN, KU

SUBJECT: CIVAIR - KUWAIT AIRWAYS SERVICE TO U.S.

REF: KUWAIT 2177

"FOLLOWING IS A REPEAT

QUOTE

R 062132Z JUL 73

FM SECSTATE WASHDC

TO AMEMBASSY KUWAIT

INFO AMEMBASSY BEIRUT

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E.O. 11652: N/A

TAGS: ETRN, KU

SUBJECT: CIVAIR - KUWAIT AIRWAYS SERVICE TO U.S.

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1. WE ARE AWARE OF PSYCHOLOGICAL AND NATIONAL PRESTIGE
FACTORS INVOLVED, BUT KUWAIT AIRWAYS APPARENT INTENTION TO
PRESS AHEAD WITH PLANS FOR SERVICE TO THE US WILL CREATE
FOR US A NUMBER OF SIGNIFICANT DIFFICULTIES. IN ADDITION
TO "CONGESTION ON THE ATLANTIC" ISSUE MENTIONED IN DEPART-
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MENT'S A-11711, DECEMBER 1, ABSENCE OF CURRENT INTEREST

IN SERVICE TO KUWAIT BY THE CERTIFICATED US AIRLINE (TWA)
AND ANY DATA WHICH WOULD INDICATE A PRESENT MARKET BETWEEN

KUWAIT AND US SUFFICIENT TO JUSTIFY SCHEDULED SERVICES
ARE TWO SIGNIFICANT ECONOMIC FACTORS ARGUING AGAINST KAC.

2. CONCERNING ISSUE OF US CARRIER SERVICE, CAB ACTION IN
APPROVING CONTINUING SUSPENSION OF TWA SERVICE
THROUGH GULF AREA CONSTITUTES APPROVAL OF THE AIRLINE'S
CASE AGAINST THE CURRENT VIABILITY OF SUCH A SERVICE. AT
THIS TIME IT IS NOT LOGICAL TO ASSUME THAT CAB MIGHT
TURN AROUND AND GRANT AN EXEMPTION TO ANOTHER US CARRIER
(PAN AM BEING THE ONLY POSSIBILITY) FOR SUCH SERVICE
EVEN ASSUMING, WHICH WE CANNOT, SUCH A CARRIER WOULD
WISH TO SERVE KUWAIT AT THIS TIME. IN SUM THE ECONOMIC
FACTS OF LIFE AS SEEN BY THE US AIRLINE INVOLVED AND THE
CAB DO NOT AT THIS POINT JUSTIFY SCHEDULED SERVICE
BETWEEN KUWAIT AND THE US. THIS IS NOT RPT NOT TO SAY
THAT THE INCREASED SIGNIFICANCE OF THE GULF WILL NOT
JUSTIFY SUCH SERVICE IN THE FUTURE.

3. SINCE US INTERNATIONAL AIRLINES ARE NOT RPT NOT SUB-
SIDIZED, IT IS NOT POSSIBLE FOR DEPARTMENT UNDER CURRENT CIR-
CUMSTANCES ASK ONE OF THEM TO INAUGURATE A SERVICE WHICH
THE AIRLINE AND THE RELEVANT REGULATORY AGENCY (CAB) DEEM
TO BE CONTRARY TO THE AIRLINE'S ECONOMIC INTEREST. THE
ECONOMIC POTENTIAL OF THE AREA WILL HAVE TO GENERATE THIS
INTEREST ON PART OF THE US AIRLINE.

4. USG CAN AND WILL NOT, HOWEVER, REFUSE TO ACCEPT AN AP-
PLICATION FROM KAC. QUESTION OF "SUPPORT" BY THE DEPART-
MENT WOULD HAVE TO BE DEFERRED UNTIL SUCH TIME AS APPLICA-
TION SUBMITTED, AND UNDER PRESENT CIRCUMSTANCES MIGHT NOT
BE FORTHCOMING. IN ABSENCE OF A BILATERAL AIR TRANSPORT
AGREEMENT IT IS NOT NORMAL PRACTICE FOR THE DEPARTMENT OF
STATE TO BECOME INVOLVED IN APPLICATIONS BY FOREIGN AIR-
LINES FOR US PERMITS OTHER THAN IN AN ADVISORY ROLE AT THE
TIME PRESIDENT IS CONSIDERING WHETHER OR NOT APPROVE CAB
RECOMMENDATION. WHAT CAB WOULD RECOMMEND CANNOT BE PRE-
DICTED. IN THIS REGARD, IT SHOULD BE NOTED THAT THERE
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HAVE BEEN AND ARE NO INSTANCES WHERE A FOREIGN AIRLINE
SERVES THE US WITHOUT A US AIRLINE SERVING THE FOREIGN
COUNTRY INVOLVED (EXCEPT FOR A FEW CASES WHERE US AIRLINE
SERVICE IS TEMPORARILY SUSPENDED). CONSIDERATION OF AN
APPLICATION BY KAC FOR A PERMIT TO SERVE THE US WOULD
THUS BE FURTHER COMPLICATED BY THE ABSENCE OF PRECEDENT
FOR SUCH A SITUATION. NOVEL QUESTIONS MIGHT THUS BE IN-
TRODUCED IN THE HEARINGS, PARTICULARLY BY ONE OR MORE US

AIRLINES WHO THEORETICALLY MIGHT INTERVENE TO OPPOSE SETTING SUCH A PRECEDENT.

5. CONCERNING POSSIBILITY OF KAC ENTERING INTO POOL WITH MEA OR SOME OTHER AIRLINE FOR SERVICE TO US, THIS WOULD NOT NECESSARILY RESOLVE US DIFFICULTIES. ABILITY TO OPERATE IN SUCH A POOL TO THE US WOULD BE DEPENDENT UPON KUWAIT AND/OR KAC POSSESSING ROUTE RIGHTS EQUIVALENT TO THOSE THE CARRIER WITH WHICH IT PLANNED TO POOL HAS FROM THE US. IN BRIEF, IN ABSENCE BILATERAL AGREEMENT, THERE COULD BE NO COATTAIL RIDING ON THE ROUTE RIGHTS OF ANOTHER AIRLINE. SINCE LEBANON HAS RIGHTS AT NYC VIA PARIS AND LONDON, AND SINCE KAC HIGHLY UNLIKELY RECEIVE SUCH VALUABLE RIGHTS FROM CAB, IT NOT AT ALL CLEAR HOW KAC AND MEA COULD POOL OPERATIONS TO US. IF, ON THE OTHER HAND, KAC, MEA AND PERHAPS OTHER AIRLINES IN THE AREA EVENTUALLY FORMED SOME TYPE OF CONSORTIUM (SUCH AS SAS) PROVIDING DIRECT MIDDLE EAST-U.S. SERVICE AND AVOIDING CARRIAGE EUROPE-U.S. TRAFFIC, THE POSSIBILITY EXISTS OF THE GROUP RECEIVING MORE RIGHTS FROM THE US THAN SOME OF ITS MEMBERS MIGHT INDIVIDUALLY BE ABLE TO ANTICIPATE. WHILE WE CANNOT MAKE ANY COMMITMENTS ON THIS POINT, IT WOULD APPEAR LOGICAL, BASED BOTH ON THE SCANDINAVIAN PRECEDENT AND THE FACT THAT IT WOULD BE IN US INTEREST TO ENCOURAGE A STEP WHICH WOULD HELP HOLD DOWN THE CONTINUING PROLIFERATION OF SERVICES TO NEW YORK BY SMALL NATIONAL AIRLINES.

6. YOU SHOULD CAREFULLY EXPLAIN THE ABOVE DIFFICULTIES TO KAC, WHILE ASSURING IT THAT EVERY APPROPRIATE CONSIDERATION WILL BE GIVEN ANY APPLICATION FOR US SERVICE IT LIMITED OFFICIAL USE

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DECIDES TO SUBMIT. RUSH UNQUOTE RUSH

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